

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036

(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

November 15, 2004

RECORDATION NO. 25297-A FILED

NOV 15 '04 2-32 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Commercial Security Agreement, dated as of October 29, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Schedule #5 to Full Service Master Lease Agreement which is being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Secured Party: First Mid-Illinois Bank and Trust
12616 State Route 143
Highland, Illinois 62249

Debtor: Midwest Railcar Corporation
3 Professional Park Drive, Suite B
Maryville, Illinois 62062

Mr. Vernon A. Williams
November 15, 2004
Page 2

A description of the railroad equipment covered by the enclosed document
is:

33 boxcars: KCS 749500 – KCS 749532.

A short summary of the document to appear in the index is:

Memorandum of Commercial Security Agreement.

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

REGISTRATION NO. 25297-A FILED

NOV 15 '04 2-32 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

dated October 29, 2004

by and between

**MIDWEST RAILCAR CORPORATION,
as Debtor**

and

**FIRST MID-ILLINOIS BANK & TRUST, NA
as Secured Party**

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

THIS MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT (this "Memorandum") is made this 29th day of October, 2004, by and between **MIDWEST RAILCAR CORPORATION**, an Illinois corporation ("Borrower"), and **FIRST MID-ILLINOIS BANK AND TRUST, NA**, a state-chartered Federal Reserve Member bank organized under the laws of the State of Illinois ("Bank").

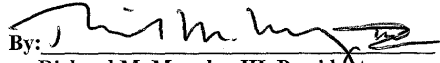
- A. The Borrower and the Bank are parties to that certain Loan Agreement dated as of October 29, 2004 (collectively, the "Loan Agreement"), pursuant to which the Bank agreed to make to the Borrower the loans described in the Agreement.
- B. To secure the Borrower's Obligations (as defined in the Loan Agreement) to the Bank, the Borrower executed and delivered to the Bank a Commercial Security Agreement dated as of October 29, 2004, pursuant to which the Borrower granted to the Bank a continuing, first priority security interest in and to, and lien on, the following collateral:
 - (a) Thirty-Three (33) 50 ft., 70-ton, Plate C boxcars described on Exhibit A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;
 - (b) All improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;
 - (c) All logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;
 - (d) All rights, claims and causes of action, if any, which the Borrower may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;
 - (e) Any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, Rider #5 dated July 1, 2004 to the Master Net Lease Agreement dated June 2, 2003 between the borrower and The Kansas City Southern Railway Company, and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;
 - (f) All rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Railcars;
 - (g) All proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

MIDWEST RAILCAR CORPORATION

By: 
Richard M. Murphy, III, President

WITNESS:

FIRST MID-ILLINOIS BANK AND TRUST, NA

Karyn I. Ward


By: 
Gordon D. Smith, Community Bank President

STATE OF MN, City of Elk River

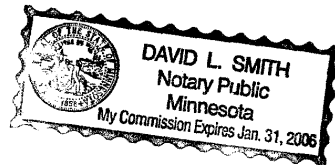
On this 29th day of October, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and the acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)


Notary Public

My commission expires: 1-31-06

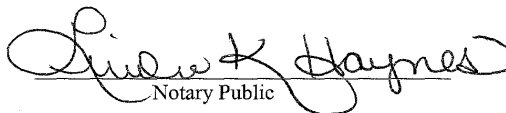


STATE OF ILLINOIS, County of Madison

On this 29th day of October, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Community Bank President of FIRST MID-ILLINOIS BANK AND TRUST, NA, that the seal affixed to the foregoing instrument is the seal of First Mid-Illinois Bank and Trust, NA, that said instrument was signed and sealed on behalf of First Mid-Illinois Bank and Trust, NA by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of First Mid-Illinois Bank and Trust, NA.

AS WITNESS my hand and notarial seal

(Seal)


Notary Public

My commission expires: 2-24-2008

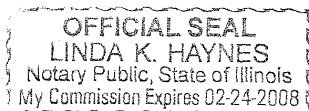


EXHIBIT "A"

DESCRIPTION OF RAILCARS

Thirty-Three (33) boxcars bearing reporting marks as follows:

KCS 749500-749532 (Inclusive)